

T. R. No. 5

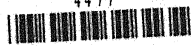
Technical Report

RURAL INDUSTRIES IN UTTAR PRADESH :
THE NON-HOUSEHOLD SECTOR)

T. S. Papola

GIDS Library

4477



338.642 PAP

I
338-642
PAP

THE GIRI INSTITUTE OF DEVELOPMENT STUDIES
LUCKNOW

T. R. No. 5.

Technical Report

RURAL INDUSTRIES IN UTTAR PRADESH :
THE NON-HOUSEHOLD SECTOR/

T. S. Papola

THE GIRI INSTITUTE OF DEVELOPMENT STUDIES
LUCKNOW

RURAL INDUSTRIES IN UTTAR PRADESH : THE NON-HOUSEHOLD SECTOR

T.S. Papola

In order that the economic growth is accompanied by reduction in inter-sectoral, inter-regional, inter-group and interpersonal disparities two propositions seem to be of great relevance. One, the thrust of developmental efforts has to lie in the rural sector; and two, agricultural development is necessary, but not a sufficient condition for ameliorating the conditions of a large section of rural population, particularly of the small and marginal farmers, landless labourers and artisans. Diversification of the rural economy, therefore, deserves to receive serious consideration by the planners.

Diversification of the rural economy would obviously imply development of non-agricultural activity using local materials and human resources. The attention immediately gets focused on agro-based industries. It is, however, not necessary that the programme of diversification is confined only to such industries which use raw materials supplied by agriculture. Whereas it may not be feasible to develop all types of industries in the rural areas and much less in all the rural areas, an investigation into past trends, resource position and linkages between activities would certainly reveal potential for a large number of industrial activities in different areas and may also enable us to identify the bottlenecks in their development. Such an analysis would obviously prove helpful in evolving policy measures at the State and the local level.

About two-thirds of the Uttar Pradesh's industrial employment was reported to be in rural areas in 1961. Of the 22.59 lakh persons employed in this sector 14.70 lakh were working in household and non-household units in the rural areas and 7.89 lakh in the urban areas. Two-third of the employment was in the household sector: in the urban areas the industrial employment was divided between non-household and household sectors in the proportion of 64:36; the proportion in the rural area was 19:81. The definitional changes in 1971 census introduced a definite downward bias in the estimate of workers in the household

sector because of which the number of workers engaged in household industry in 1971 worked out less than half of the number reported in 1961; only about 7 lakh persons were reported to be carrying out household industry as their main activity. On the other hand, the non-household industry increased its employment from 7.85 lakh in 1961 to 9.90 lakh in 1971, and the relative proportion of the household and non-household sectors, was shown as changed from 66:34 in 1961 to 38:62 in 1971. This change, however, does not indicate that the importance of household industry has declined absolutely; it is indicative of the fact that the household industry is mostly carried out as a secondary rather than the main activity; and is suitable for tackling the problem of underemployment and low incomes rather than open unemployment.

The non-household industry, on the other hand, employs labour mostly on a full-time basis and, therefore, is capable of absorbing the openly unemployed. It is significant to note that this segment of industrial sector is not solely an urban phenomenon; in 1961 of the total employment in this segment in the State 35 per cent was to be found in the rural areas, in 1971 this figure has slightly increased. The present note describes the product structure and geographical spread of this segment of the rural industry in U.P. with a view to reaching some conclusions on the growth and diversification potential of different industries in the rural areas of the State. The data used are from the Census of India 1971.

I Growth and Structure

Employment in the non-household industry in U.P. grew, but at a relatively slow pace during 1961-71. It increased from 7.85 lakh in 1961 to 9.90 lakh in 1971, about 26 per cent over the decade. Its rural segment registered a slightly higher growth at 27 per cent, than the urban segment which grew about 24 per cent. In 1971 the employment in the rural non-household industry was reported to be around 3.55 lakh as against 2.81 lakh in 1961, and constituted about one-fourth of the total employment in the manufacturing sector in the State.

Food Products, non-metallic mineral products, miscellaneous textile products, cotton textiles and transport equipment are the largest industries, in that order, carried on on a non-household basis in the rural areas. At least 25,000

workers are engaged in each of these industries on a "main activity" basis; and employment in these industries together makes almost four-fifth of the total employment in the non-household rural industry. Basic metals and metal products and wood and wood products have emerged as important industries in this sector, each of them reporting primary employment of between 20,000 to 25,000 workers in 1971.

All these industries have, however, registered significantly varying growth during the decade 1961-71. Among major industries, growth of employment during the decade has been highest in transport equipment at 108 per cent, followed by metal products at 63 per cent and miscellaneous textile products at 60 per cent; cotton textiles at 52 per cent and wood and wood products at 47 per cent. Food products and non-mineral metallic products, the two largest industries, together employing over 1,50,000 out of 3,55,000 in this sector, have, however, registered increase in employment of only about 2.36 per cent and 5.45 per cent respectively. Among the significant minor industries, machinery has shown a phenomenal growth of over 277 per cent, and chemical products around 77 per cent; and beverages and tobacco products, jute textiles and paper and printing have registered an actual decline in employment. Leather and leather products, and miscellaneous products have experienced a virtual stagnation in employment in the rural non-household sector.

It may be advisable to make a major thrust initially in such industries which are big enough in employment size and have shown significant growth potential in the recent past. From the above analysis the industries which emerge on these criteria are: transport equipment, cotton textiles, textile products, metal products, wood products, chemical products and machinery. Food products and non-metallic mineral products, even though they have shown slow growth, need to be revitalised in view of their large size and therefore high employment potential.

Some of these industries being material based may have a localised character, but industries like non-metallic mineral products, metal products, machine tools, parts and implements and transport equipment could be located anywhere without any significant locational disadvantage except those accruing from transport and agglomeration.

II Spatial Diversification

For planning for rural industrial development, however, it would be necessary to be specific about the areas and districts. A study of distribution of rural industrial activity and of the structure of rural industries in each region and district would help us in finding the geographical concentration or diversification of such industries in aggregate as well as individually; suggests locational specificity or flexibility of each industry and provide some tentative evidence, favourable or otherwise, for examining the need for industrial planning on a industrial package rather than individual unit or industry basis.

The rural industry seems to be quite well diversified geographically. All the districts have some industry in rural areas carried on a non-household basis. In 1971 each of the districts of the State, except five hill districts, had employment of at least 1000 workers in this sector. No doubt, the number of workers engaged in this sector varied between 448 in Pithoragarh to 35499 in Meerut district. But looking at the entire distribution pattern of employment among various districts, the rural non-household industry was found to have much less geographical concentration than the urban non-household industry. Among the five regions of the State, the Western and Central region accounted for 78 per cent of the urban non-household industrial employment, while their share in rural non-household industrial employment was 57 per cent only. The Eastern Region, accounted for only 17 per cent of the urban, but 37 per cent of the rural non-household industry. As many as 26 districts employed over 5,000 workers each and another 13 districts between 3,000 to 5,000 workers in the non-household industrial sector in the rural areas in 1971. All the Hill districts except Nainital and Almora, however, had an employment of less than 1000 workers in this sector. Of the 12 districts with over 10,000 workers each in this sector, five (Meerut, Muzaffarnagar, Agra, Bijnor, Aligarh) are in Western Region, six (Varanasi, Gorakhpur, Allahabad, Azamgarh, Deoria and Basti) in Eastern Region and one (Kanpur) in the Central Region. In the second range of districts, with an employment between 5,000 and 10,000, we have districts from all parts of the State excepting Bundelkhand: Bulandshahr, Saharanpur, Unnao, Moradabad, Jaunpur, Barielly, Mirzapur, Farrukhabad, Nainital, Etawah, Kheri, Ghazipur, Ballia and Etah, each have workers of this order in the non-household industry in the rural areas.

III Interregional Dispersal of Individual Industries

Thus it looks the non-household rural industry has not only shown significant potential for rural development and employment generation, but also has a high degree of locational flexibility suitable for balanced regional development. It would, however, be necessary to examine the regionwise distribution of individual groups of industries and structure of industries in each region, if meaningful industrial programmes for the development of rural sector are to be evolved. This would be possible only on the basis of some in-depth studies at the area level on a first hand basis. Industrywise regional distribution of employment available from 1971 Census reports may, however, provide some guidelines, if not for actually working of these programmes, at least for areas and industries that need to be investigated on a priority basis.

The major rural industries such as food products, non-metallic mineral products, wood and wood products, metal products, textile products, transport equipment and miscellaneous textiles, are geographically very well diversified. Not only each district possesses some units in each of them but also no disproportionate concentration of employment is found in one or a few districts in any of them. Of course, a complete equality of distribution cannot be expected; and there are some cases of relative concentration. Following are the cases where a single district claims more than 10 per cent of employment in an industry: over 12 per cent of total employment/food products is located in Meerut; /in about 20 per cent of cotton textiles and 16 per cent of miscellaneous textiles in Varanasi; 17 per cent of wood products in Barielly and 11 per cent in Aligarh; about 14 per cent of non-metallic mineral products in Meerut; about 11 per cent of metal products in Allahabad and another 10 per cent in Aligarh; and, 28 per cent of machinery manufacturing and repair in Meerut.

IV Districtwise Structure

All the districts which have a sizeable employment in the rural non-household industrial sector have generally a well-diversified structure. Meerut has units in all the industry groups although of its total employment of over 35,000 in this sector food products alone contribute about 13,000, and non-metallic mineral products another 7,700.

The next important district in terms of employment in rural non-household industry is Varanasi with over 21,000 workers in this sector. The two major industries, miscellaneous textiles and cotton textiles, contribute about 33 per cent and 28 per cent respectively of the district's employment in the non-household industries in rural areas, although a number of other industries particularly non-metallic mineral products and metal products, have sizeable employment in the district this sector. Gorakhpur comes next with over 19,000 workers in this sector, over one-third of which is contributed by food products alone, another important industry contributing almost one-fifth of employment is manufacture of machinery and machine tools. Other industries exist but have much less importance.

Coming to districts which have a sizeable, though not very large employment in this sector, say in the range of around 10,000 we have Azamgarh, Kanpur, Deoria, Basti and Bulandshahr. Azamgarh has a diversified structure of industries in the rural non-household sector, though cotton textiles, food products and miscellaneous textiles are predominant with 24, 16 and 11 per cent of employment respectively. Kanpur's rural non-household industrial structure is dominated, to the extent of 35 per cent of employment by non-metallic mineral products; food products providing another 15 per cent. Deoria has about 48 per cent of its non-household rural industrial employment in food products and another 20 per cent in non-metallic mineral products and 10 per cent in miscellaneous textile products. Bulandshahr has a more diversified structure: three industries viz., miscellaneous textile products, wood and wood products, and food products contributing between 16 to 20 per cent each and a number of other industries having significant employment.

Let us look at the regions and districts which have a small size of employment in this sector. The Hill and Bundelkhand regions are relatively deficient in rural industrialisation. The eight Hill districts together have just over 15000 workers in the rural non-household industry; districts such as Meerut, Varanasi and Gorakhpur each singly has more employment than the entire Hill region in this sector. Of this employment also about 7000 is to be found in Nainital District alone and another 4000 in Dehradun. The major industries are: food products, non-metallic mineral products, wood and wood products and miscellaneous textile products contributing about 34, 12, 11 and 11 per cent

respectively of the total employment in the sector in the Region. Of the total employment of 5411 in food products, in the region's rural non-household sector, 3900 is to be found in Nainital district and another 1111 in Dehradun district. Of 1826 persons employed in non-metallic mineral products, 1318 is to be found in Dehradun and another 357 in Nainital district. Wood and wood products and miscellaneous textile products are, however, better distributed among various districts. These are also, by far, the most important industries in most of the relatively more deficient districts in the Hill region.

The four districts of Bundelkhand, (Banda, Hamirpur, Jalaun and Jhansi) have a total employment of 6780 in the rural non-household sector, a figure which is lower than any one of the 19 districts with largest employment in this sector. Each of the four districts, however, has a fair share in this total. Miscellaneous textile products account for slightly less than one-fourth of the employment, but food products, wood products, leather and leather products and non-metallic mineral products also have a sizeable share, at least 10 per cent each in the total employment in this sector. Similar pattern obtains in each of the four districts, except that in Jhansi jute products feature as a prominent industry, in Jalaun machinery seems to have some importance, and in Hamirpur metal products feature as the largest industry.

The above description of the industry groupwise and districtwise distribution, however, does not suggest any important clusters of interlinked industries. The only cluster, which also does not seem very strong and universally operative, is the one consisting of three groups of industries - metal products, machinery and repair. But since these industries do not feature significantly in most of the districts, the clusters are hardly visible. By and large, therefore, rural industries have developed on an isolated manner and inter-industry linkage potential do not seem to have been realised.

V Conclusion

There are two most encouraging features relating to the rural non-household industries emerging from the above analysis. One, this sector of economic activity has shown

considerable potential for development. It has grown at a faster rate than its urban counterpart, namely the organised industry. Second, it has shown significant diversifiability geographically. At least, some of the major industries in this sector have an important contribution to the industrial structure of each of the various districts in the State. This feature highlights the potential of the rural non-household industry as an instrument for balanced regional development in the State.

The sector, although dominated, to a large extent, by traditional industries such as food products, non-metallic mineral products and cotton textiles and textile products, has, of late, acquired a faster growing segment of modern industries such as transport equipment, metal and metal products, machinery, and chemical. Of the so-called traditional industries cotton textiles and textile products have shown quite a steady and fast growth; while the two largest one, viz food products and non-metallic mineral products have virtually stagnated. So is the case of leather and leather products industries. The modern segment of the rural non-household industry, consisting of transport equipment, machinery, metal products and chemicals, has shown significantly faster growth during the decade 1961-71. Further these industries have grown in practically all parts of the State.

Although most of important industries, particularly food products and non-metallic mineral products, seem to have more or less similar locational advantages in all the regions, the pattern of development of rural industries in general suggests that the following industries have special place in the rural industrialisation of the respective regions: (1) metal products, wood products and miscellaneous textile products in Western U.P., (2) miscellaneous textiles, cotton textiles, wood products and metal products in Central U.P., (3) cotton textiles, miscellaneous textiles, beverages and tobacco, metal products silk textiles and chemical products in Eastern U.P., (4) miscellaneous textile products, leather and leather products, and wood products in Bundelkhand and (5) wood products, miscellaneous textile products and metal products in Hill region.

In planning for rural industrialisation it seems necessary at this stage to think of clusters of interrelated industries to be developed areawise. The existing pattern does not suggest any degree of realisation of the potential of

such linkages for the overall development of the area. Therefore, some in-depth studies need to be undertaken to investigate into potential, bottlenecks and required policies and facilities for implementing such an approach. Besides, the studies on the fast growing and stagnating industries should also be made with a view to identifying the factors in the process of growth. In such studies the objective conditions existing in different areas as well as the requirements of efforts on the part of the State and other institutions need to be identified.

*

4477

Table 1 : Employment in Rural Non-Household
Industry in Uttar Pradesh

('000)

Industry group		1961	1971	% growth
20-21	Food Products	91.08	93.24	+ 2.36
22	Beverages and Tobacco	19.95	11.58	- 41.85
23	Cotton Textiles	20.09	30.43	+ 51.70
24	Wool and silk textiles	4.36	6.61	+ 51.60
25	Jute textiles	2.95	1.26	- 67.40
26	Miscellaneous textile products	25.75	42.24	+ 60.00
27	Wood and wood products	14.95	21.97	+ 46.66
28	Paper, paper products and printing	5.14	4.60	- 10.51
29	Leather and leather products	7.60	8.06	+ 6.05
30	Rubber, Petroleum and Coal products	0.37	1.44	+289.20
31	Chemical and chemical products	4.10	7.24	+ 76.59
32	Non-metallic Mineral products	54.62	57.45	+ 5.45
33-34	Basic metals and metal products	14.27	23.19	+ 63.21
35-36	Machinery including electrical machinery	1.84	6.96	+277.18
37-39	Transport equipment (mfg. and repair)	12.39	25.25	+108.33
38	Miscellaneous	13.01	13.13	+ 0.92
Total (Manufacturing)		282.66	354.96	+ 26.89

Table 2 : Employment in Rural Non-Household Industry
in Uttar Pradesh (Regionwise)

Industry	Hill Region	Western Region	Bundelkhand Region	Central Region	Eastern Region
20-21	5411	44379	972	11812	28406
22	350	3914	39	591	6695
23	360	7668	170	2504	17013
24	363	1434	129	240	4873
25	60	207	332	150	515
26	1719	15922	1324	4418	18405
27	1745	10887	720	3287	5315
28	210	2108	50	630	1493
29	570	4156	724	1240	1369
30	30	793	-	140	478
31	230	3369	50	801	2788
32	1826	29985	697	10086	14848
33	40	2430	30	731	1190
34	510	10009	210	1992	6571
35	150	2791	421	460	1580
36	310	1260	10	160	320
37	10	689	20	1210	4291
38	956	4296	491	1720	5666
39	430	9009	391	3142	6331
Total	15333	152301	6780	45050	128195

Table 3 : Employment in Non-Household Industry in
Uttar Pradesh (Districtwise) : 1971

1. Meerut	35499	28. Gonda	4532
2. Varanasi	21461	29. Badaun	4392
3. Gorakhpur	19075	30. Fatehpur	4223
4. Muzaffarnagar	13224	31. Sitapur	4174
5. Allahabad	13135	32. Lucknow	4144
6. Agra	12434	33. Mainpuri	4014
7. Bijnor	12099	34. Dehradun	3990
8. Aligarh	12092	35. Shahjahanpur	3770
9. Azamgarh	10877	36. Barabanki	3576
10. Kanpur	10227	37. Rampur	3336
11. Deoria	10119	38. Pilibhit	3314
12. Basti	10093	39. Pratapgarh	3182
13. Bulandshahr	9877	40. Bahraich	2173
14. Saharanpur	9416	41. Rae Bareli	2151
15. Unnao	8315	42. Hardoi	2103
16. Moradabad	8127	43. Sultanpur	1992
17. Jaunpur	7707	44. Mathura	1958
18. Bareilly	7568	45. Hamirpur	1942
19. Mirzapur	7403	46. Jhansi	1844
20. Farrukhabad	6717	47. Banda	1644
21. Nainital	6694	48. Almora	1361
22. Etawah	6249	49. Jalaun	1350
23. Kheri	6137	50. Tehri-Garhwal	875
24. Ghazipur	5916	51. Uttar-Kashi	835
25. Ballia	5770	52. Garhwal	672
26. Etah	5415	53. Chamoli	458
27. Faizabad	4860	54. Pithoragarh	448
Total			354959

Source : Census of India-Part II-B(i)